

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5501-01
Bill No.: HB 1676
Subject: Economic Development; Property, Real and Personal
Type: Original
Date: February 17, 2014

Bill Summary: This proposal establishes the Informed Growth Act which requires an economic impact study to be completed as a part of a review of land use permit applications for large-scale retail developments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Comprehensive Economic Impact Study Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Revenues and costs net to zero.

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration's Division of Budget and Planning (BAP)** assume this proposal would not fiscally impact BAP. This proposal would establish the Comprehensive Economic Impact Study Fund, which would be administered by the Department of Economic Development and used solely for the purposes outlined in the bill. Applicants wishing to construct large-scale retail developments who apply for municipal land use permits would be required to pay \$40,000 to this fund in order to complete their land use application. The fee would be used to cover state and local costs associated with conducting a comprehensive economic impact study. Any part of the \$40,000 not needed for this purpose would be returned to the applicant. This new fee would increase total state revenue by an unknown amount.

Officials at the **City of Jefferson City**, the **Department of Economic Development**, the **Joint Committee on Administrative Rules**, the **Missouri Department of Transportation**, the **Metropolitan St. Louis Sewer District**, the **Northwest Missouri Regional Solid Waste Management District**, the **Office of the Secretary of State**, the **Office of State Treasurer**, **St. Louis County** and the **State Tax Commission** each assume there is no fiscal impact to their respective organizations from this proposal.

Officials at the **Cole County Public Water District No. 3** assume the study would not have a fiscal impact on the District. However, the study may indicate if a project would impact the District.

Officials at the **City of Kansas City** assume this proposal would allow the City to charge \$1,000 for all of its costs to administer the comprehensive economic impact study contract, notice of hearing, and related costs. If our costs exceed this amount, the City would be required to cover the excess. Drafting, negotiating and administering a contract can involve many staff hours, and it is difficult to calculate what this cost might be.

If a potential large-scale retail developer went to another state rather than develop here, because of the time and significant cost of doing this study, the City would lose the tax revenue from that retail development. This loss cannot be calculated.

ASSUMPTION (continued)

Oversight assumes this proposal requires an applicant to deposit a \$40,000 fee into the Comprehensive Economic Impact Study Fund for the purpose of having an economic study done. The money in the fund is to be used to cover the costs of the Department of Economic Development may have for administration of this program as well as all the costs of local political subdivisions doing the required impact study. Therefore, this proposal would not have a fiscal impact.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to Oversight's request for fiscal impact.

Officials at the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
COMPREHENSIVE ECONOMIC IMPACT STUDY FUND			
<u>Revenue</u> - payment of \$40,000 permit fee	Unknown	Unknown	Unknown
<u>Cost</u> - Department of Economic Development - fee to cover cost of program	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - reimbursement of comprehensive economic impact study costs	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON COMPREHENSIVE ECONOMIC IMPACT STUDY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2015 (10 Mo.)	 FY 2016	 FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill establishes the Informed Growth Act that requires a comprehensive economic impact study to be completed as part of a municipal reviewing authority's review of a land use permit application for a large-scale retail development.

Requires a permit applicant to pay a \$40,000 fee to be deposited into the newly created Comprehensive Economic Impact Study Fund. Upon appropriation, moneys in the fund must be used solely for the purposes of the act. The department must disburse to the municipality from the fund an amount equal to the projected costs of the study contract, notice of public hearing,

JH:LR:OD

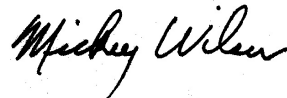
FISCAL DESCRIPTION (continued)

and related municipal staff support. The municipality's contract for the study must ensure that the \$40,000 fee will be sufficient to cover these costs. The department may charge an administrative fee of up to \$1,000 against the fee. Any portion of the fee that is unexpended must be returned to the applicant.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

City of Jefferson City
City of Kansas City
Cole County Public Water District No. 3
Department of Economic Development
Joint Committee on Administrative Rules
Missouri Department of Transportation
Metropolitan St. Louis Sewer District
Northwest Missouri Regional Solid Waste Management District
Office of Administration
 Division of Budget and Planning
Office of the Secretary of State
Office of State Treasurer
State Tax Commission
St. Louis County



Mickey Wilson, CPA
Director
February 17, 2014

Ross Strobe

L.R. No. 5501-01
Bill No. HB 1676
Page 7 of 7
February 17, 2014

Assistant Director
February 17, 2014

JH:LR:OD